

Background

The 13th Street Neighborhood is a downtown community that includes four residential neighborhoods with active neighborhood associations as well as two business districts, East Santa Clara Street and North 13th Street. The Northside Neighborhood Association is the oldest neighborhood association in San Jose, celebrating its 35th year anniversary this past June 2000. The Julian/St. James and Horace Mann neighborhoods are comprised of older homes rich with character and heritage. The Historic Hensley District is listed on the National

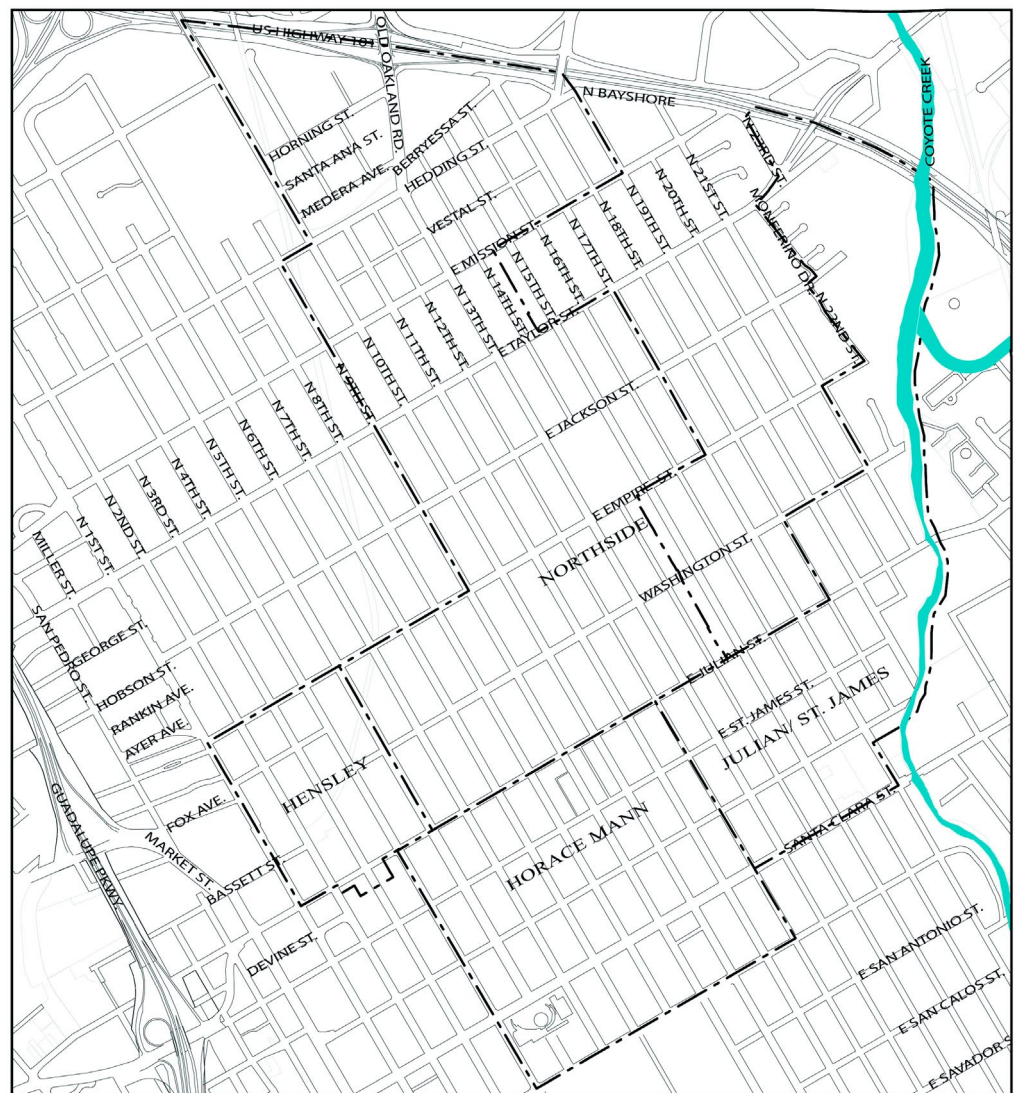


Figure 2.1 **Neighborhood Associations within 13th Street Neighborhood Area**

Register of Historic Places as a result of its large concentration of Victorian homes. Many community members are longtime residents.

The 13th Street study area is generally bounded by U.S. 101 on the north, Coyote Creek on the east, San Fernando and East Santa Clara Streets on the south, and an area varying between North First Street and North 10th Street on the west. It lies immediately adjacent to downtown San Jose, to the north and slightly east of the core of the downtown, and is bordered by Japantown to the west, the University neighborhood immediately to the south, and Five Wounds/Brookwood Terrace to the east.

Existing Land Use and Regulatory Environment

Existing Land Use

As noted in Figure 2.2, the 13th Street Neighborhood is comprised of large residential areas and limited zones of commercial and industrial uses.

Residential uses are found throughout the neighborhood, including in the commercial and industrial zones, indicating the transitions in use that have affected the neighborhood throughout its history. Residential uses range from single family, one or two story homes, to multi-family complexes, with the predominant land area being dedicated to single family homes.

Commercial uses are scattered throughout the neighborhood, but are most focused on either East Santa Clara Street or North 13th Street between Hedding Street and Jackson Street. Commercial uses are found scattered throughout the residential and industrial areas as well; in some cases thriving, as with the corner of Julian and 17th, and in other cases, appearing marginally successful.

Light industrial uses are found primarily in the northern area of the neighborhood, north of Hedding and east and west of Old Oakland Road. However, many light industrial uses – particularly auto repair, parts, and salvage – are found on North 13th Street between Hedding and Jackson, and scattered elsewhere, even in otherwise residential areas.

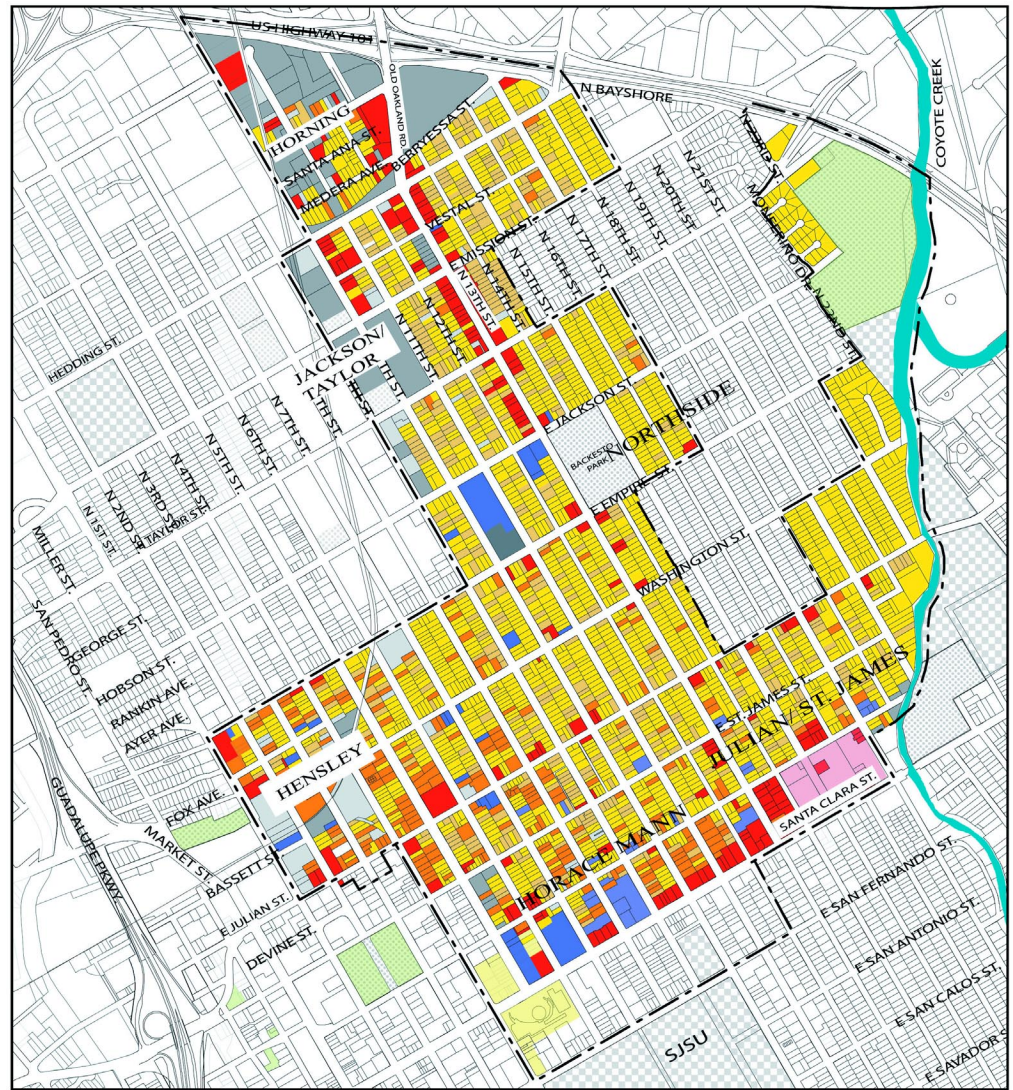
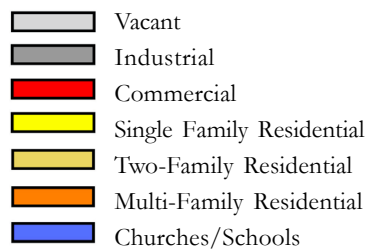


Figure 2.2 Existing Land Use



General Plan Designations

The City of San Jose's General Plan, San Jose 2020, provides guidance for planning within the study area. The most predominant land use designation in the General Plan for this neighborhood is Medium Low Density Residential, which allows up to eight dwelling units per acre (du/ac). This land use encompasses approximately seventy percent of the total land in the 13th Street Neighborhood. The next most prevalent land use is Medium Density Residential (8-16 du/ac). Medium High Density Residential which includes 12-25 du/ac is found in more limited areas. Limited amounts of High Density Residential and Transit Corridor Residential are also found.

The Jackson-Taylor Planned Residential Community (PRC), located to the west and partially in the 13th Street Neighborhood, includes High Density Residential (25-50 du/ac), Medium High Density Residential (12-25 du/ac), Light Industrial, Mixed Use 1, 2, 3 and a Neighborhood Business District Overlay. It is an 80-acre, pedestrian-and transit-oriented community with a buildout capacity of approximately 1,675 dwelling units, 107,000 square feet of retail space, and 459,000 square feet of office uses, and a light industrial area

A Mixed Use Overlay, with no underlying land use designation, which allows medium density residential (12-25 du/ac) and General Commercial is located along 13th Street between Jackson and Hedding Streets.

The Light Industrial land use designation covers the northern region of the neighborhood, specifically at the northwest corner of Old Oakland Road and Hedding Street with permitted operations including warehousing, wholesaling, and light manufacturing

Public/Quasi-Public uses are generally devoted to Public Schools and Parks uses within the Neighborhood study area. The largest such use includes the Grant Elementary School and Joyce Ellington Branch Library which is located in the center of the neighborhood, near Backesto Park. Two additional parks will be added when the Jackson-Taylor PRC is developed.

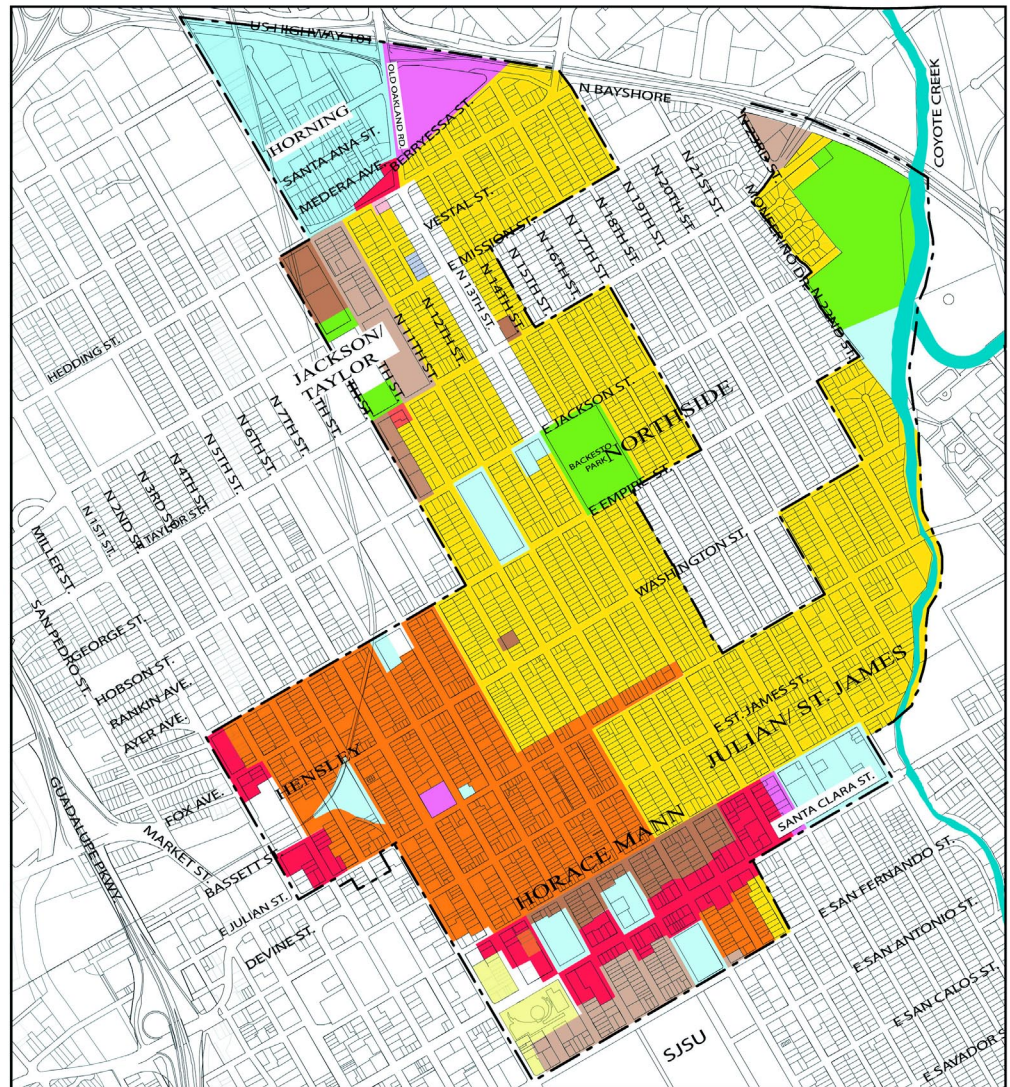











Figure 2.3 General Plan Land Use

- | | |
|---|--------------------------------|
|  | Light Industrial |
|  | Combined Industrial/Commercial |
|  | General Commercial |
|  | Low Density Residential |
|  | Transit Corridor Residential |
|  | Medium Density Residential |
|  | High Density Residential |
|  | Public/Quasi-Public |
|  | Public Park/Open Space |

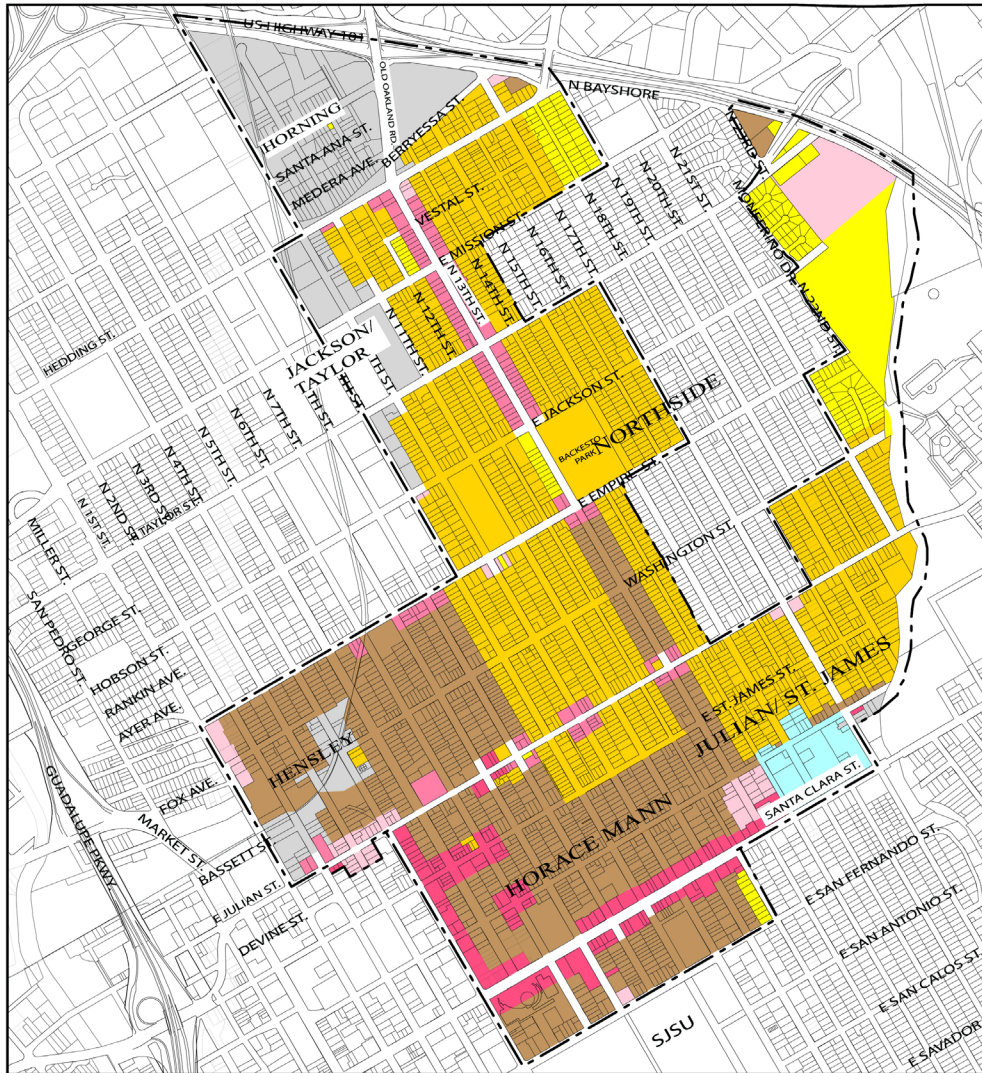











Figure 2.4 Existing Zoning

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|---|----------------------------------|
|  | M-1: Light Manufacturing |
|  | A (PD): Planned Development |
|  | R-1: One-Family Residential |
|  | R-2: Two-Family Residential |
|  | M-3: Multiple-Family Residential |
|  | C: Professional Office |
|  | C-1: Neighborhood Commercial |
|  | C-2: General Commercial |
|  | C-3: Regional Commercial |

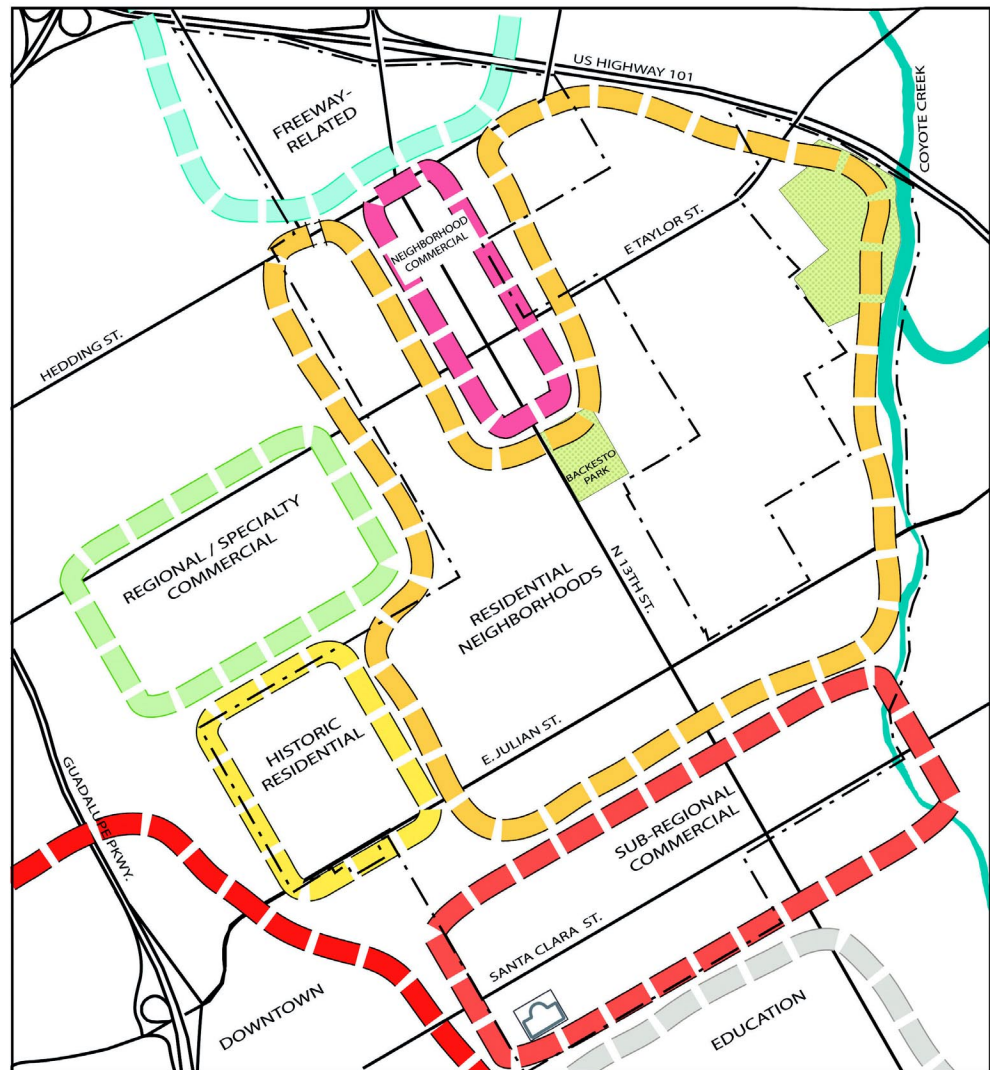


Figure 2.5 Generalized Uses within the Study Area

Demographic and Economic Trends

The following is a brief overview of the demographic and economic trends that are most relevant to the revitalization of the 13th Street Neighborhood. Although this trends analysis covers the entire neighborhood, it has become clear from community input gained in NAC meetings and community workshops, that the three-block section of North 13th Street between Jackson Street and Hedding Street (“the North 13th Street commercial corridor”) is the single most important part of the neighborhood to focus on in terms of formulating a property redevelopment strategy. (Demographic data is from the 1990 Census and 2000 Claritas, which provides an estimate/update based on the 1990 Census. Home sales data is derived from CAR (California Association of Realtors.)

Demographic Overview

Population, Households, and Age

The total population of the neighborhood is estimated to have increased by 17 percent since 1990, and currently is home to almost 21,000 residents. This rate of population growth is significantly higher than that experienced by the City overall, which posted a population gain of approximately 13 percent during the past decade. The rate of household growth since 1990 was also greater in the neighborhood than in the City, with the neighborhood experiencing almost 22 percent growth in households compared to the City’s 16 percent. Household sizes increased in both the neighborhood and the City during the past decade, but at an average of 3.03 persons per household in the neighborhood remained smaller than the average size of 3.27 for the City in 2000. The current median age of residents in the neighborhood is only slightly younger than that for the City, with both around 33 years.

Income

Real income levels in the neighborhood are lower than in the City, and have actually lost ground in the past decade, on both a household and per capita basis. Whereas median household and per capita incomes for the City have both increased by 17 percent since 1990, in the neighborhood they have increased by only approximately 10 and 7 percent respectively. According to both income measures, residents of the neighborhood have less than two-thirds the earning power of residents in the City as a whole. The neighborhood’s median household income in 2000 was almost \$42,000 and the per capita income was \$17,000.

Race/Ethnicity

Hispanic residents constitute the neighborhood's majority ethnic group, accounting for over 67 percent of the total population in 2000. This is more than two times the proportion of Hispanics represented by the total citywide population, which is estimated to be 33 percent of Hispanic origin. The neighborhood's Hispanic population grew at a slightly lower rate than that of the City as a whole. In contrast, the neighborhood's Asian/Pacific Islander population grew at a slightly higher rate than that of the City, but this racial group constitutes a smaller share of the resident population in the neighborhood than in the City. Asian/Pacific Islanders make up only 17 percent of the neighborhood's population, but account for almost 25 percent of the citywide population in 2000.

Education

The level of educational attainment of neighborhood residents age 25 and older has not changed significantly since 1990. Approximately two-thirds (66 percent) of this population have progressed as far as high school graduation, one-quarter (23 percent) have received some amount of post-secondary education, and the remainder (11 percent) have received a college degree or higher. In the City, the proportion of residents that have attained a college degree or higher has increased substantially, up from 25 percent in 1990 to 34 percent in 2000, although the proportion that have had some post-secondary schooling has decreased from 31 percent to 22 percent.

Housing Stock and Tenure

Vacancy rates for residential units have remained essentially unchanged since 1990, with the neighborhood posting 5 percent of units vacant, and the City 3 percent. Although housing tenure trends have not changed much in the past decade, the neighborhood and City differ significantly from one another. The City as a whole is much more strongly owner-occupied at 62 percent than the neighborhood, which shows only 32 percent owner-occupancy.

Home sales prices have appreciated at a greater rate in the 95112 zip code – the zip code that best approximates the boundaries of the neighborhood – in the past decade than they have in the City overall. Between 1991 and 2000, the median home sales price per square foot in the neighborhood has increased by 47 percent in real dollars, compared to 35 percent for the City. Although the current median sales price of \$337,000 in the neighborhood still lags considerably behind the citywide median of \$398,000, the per-square foot median sales price in the neighborhood has surpassed the citywide median since 1991. Assuming that monthly mortgage payments would not exceed one-third of

household income, a median sales price of \$337,000 implies an average household income ranging between \$65,000 and \$72,000 (not including down payment, mortgage insurance and points). Since the neighborhood median household income is \$42,000, the home sales trend illustrates a clear mismatch between residents' incomes and the local housing market forces. If home sales prices continue to outpace household incomes in the neighborhood, it seems possible that renters currently living in single-family units could be gradually squeezed out of the local housing market as landlords take their units off the rental market and convert them to owner-occupied units.

Vehicle Ownership

Because a constrained supply of parking in the neighborhood has been mentioned as an area of concern to community members, it is important to have a clearer understanding of the vehicle ownership patterns in the neighborhood compared to the City as a whole. According to an analysis of registered vehicles as reported by the state Department of Motor Vehicles, the rate of vehicle ownership in the 95112 zip code is 1.61 per household, compared to a citywide average of 1.90 per household. Although this lower rate of vehicle ownership could theoretically be attributed to relatively smaller household sizes in the neighborhood, an analysis of per capita vehicle ownership bears out the finding that neighborhood residents seem to be less auto-dependent than residents of the City as a whole. The neighborhood averages 0.54 registered vehicles for each resident versus 0.61 for the city overall. The perception that there are an inordinate number of vehicles in the neighborhood may have more to do with over-capacity residential rental units, where housing prices have forced lower-income households to double up in order to afford current rental rates.

Consumer Expenditures and Supportable Retail Space

Neighborhood households currently spend an estimated \$251 million each year on various goods and services. In order to determine how much retail space the neighborhood could realistically support, an analysis of consumer expenditures must first break down consumer spending patterns into more specific categories. For the purposes of this analysis, four areas of consumer spending have been focused on: grocery, clothing, household goods, and general merchandise. Annual spending in these four categories totals approximately \$110 million, and accounts for almost 44 percent of total annual consumer expenditures. As shown in the table below, using a set of assumptions about sales capture rates and sales volumes per square foot of floor space, it is possible to estimate the total amount of retail space that could reasonably be supported by the consumer expenditures of neighborhood residents.

Expenditure Category	Annual Aggregate Expenditures	Capture Rate	Dollars Captured	Sales per Square Foot	Total Supportable Square Feet
Grocery	\$34,539,809	80%	\$27,631,847	\$300	92,106
Clothing	\$26,196,401	10%	\$2,619,640	\$175	14,969
Household Goods*	\$18,003,787	5%	\$900,189	\$150	6,001
General Merchandise**	\$31,452,842	10%	\$3,145,284	\$200	15,726
Subtotal	\$110,192,839	31%	\$34,296,961	\$266	128,803

Source: Claritas, 2001

*Includes household textiles, furniture, appliances, floor coverings, and home computer hardware/software.

**Includes housekeeping supplies, non-prescription drugs, smoking products, personal care products, TV/radio/sound equipment, reading materials, and photographic equipment.

Figure 2.6 Consumer Expenditures

As the analysis shows, an estimated 92,000 square feet of grocery space could potentially be supported by the consumer expenditures of neighborhood residents. Business records from Dun and Bradstreet indicate that in 1998 there were approximately 30 grocery stores and food markets within a one-mile radius of the North 13th Street commercial corridor, most of which appear to be independently owned and relatively small. The current commercial lot pattern along North 13th Street consists primarily of 0.13-acre parcels with approximately 2,500 to 3,000 square feet of floor space on the ground floor. If all 30 of these markets averaged 3,000 square feet of floor space, they would account for almost the entire allotment of supportable grocery square footage. A next step in analyzing the potential demand for a supermarket anchor tenant in the area would be to carry out a competitive analysis of the area markets using updated business records. Although there are theoretically enough markets to serve the resident population at present, what the above analysis does not explore is whether these smaller markets are providing the types of goods that residents want at a price they can afford. A competitive analysis would provide a more accurate quantification of the square footage and sales volume figures represented by these markets, and would more accurately categorize them according to the types of goods that they sell.

Business/Commercial Patterns

As shown in Table 2.7, the North 13th Street commercial corridor is typified by a significant number of auto-related retail and service businesses. Also present in significant numbers are various small retailers providing a wide range of consumer goods and services, including groceries and liquor, food and drink, flowers, hardware, and lodging.

Business Type	Number of Firms	Percent of Total
Agricultural & Manufacturing	8	8%
Wholesale	5	5%
Retail Food/Groceries	22	21%
Retail Durable	13	13%
Retail Services	18	17%
Auto Repair Services	14	14%
Commercial Property	23	22%
Total	103	100%

Source: San Jose Downtown Association

Figure 2.7 Business/Commercial Patterns

The primary commercial concentrations along the North 13th Street commercial corridor are at the intersections with Jackson, Taylor, and Mission Streets. The Jackson Street node is primarily characterized by Rollo's Donut shop and Backesto Park. The Taylor Street node has a very strong retail presence on the western side of the street, with El Sol Market and Vision Graphic. The identity of the Mission Street node is less well defined, as this intersection seems primarily characterized by auto-related uses that do not capitalize on the high visibility and traffic flow afforded by this prime commercial frontage. Key retail businesses in the corridor that seem to be established and flourishing include:

- Rollo's Donut
- El Sol
- Squires Lumber
- Hedding Inn
- Yamaha
- Cesar's Flowers
- Artista Salon

Planned Projects

San Jose is a vital, evolving city with a population of almost 900,000. It has enjoyed enormous success in the last twenty years in revitalizing what was a virtually deserted downtown into the “Capital of Silicon Valley”.

The San Jose 2020 General Plan defines five key areas within the City as “Special Strategy Areas. These areas include the Downtown Core and Frame Areas, and Transit Oriented Development (TOD) Corridors. The City’s Downtown Strategy Plan, Strategy 2000, guides development in the downtown Core Area and the Frame Area, and the neighborhoods that surround it, including much of the 13th Street neighborhood.

Strategy 2000 outlines plans for the continuing development of downtown San Jose. It addresses issues such as economics, transportation, urban design, landscape and historic resources. The immediate adjacency of the 13th Street Neighborhood to the downtown means that it is directly affected by the downtown. Highest priority recommendations of the Downtown Strategy Plan include:

- Development of retail in the greater downtown
- Housing development, with an emphasis on high densities, overall 20 percent of which is affordable
- Completion of the Guadalupe River and Los Gatos Creek Parks
- Develop parking resources and alternatives
- Provide streetscape improvements such as lighting, planting, paving and street furniture to improve the public realm
- Expansion of San Jose Convention Center.

Transit Oriented Development Corridors, as previously mentioned, are also defined by the City’s General Plan, and include East Santa Clara Street, which falls near the southern boundary of the 13th Street study area. A light rail transit (LRT) line is planned for this corridor in the near future. Bay Area Rapid Transit (BART) will also serve San Jose, entering the downtown from the east via either Santa Clara Street or San Fernando Street. In these transit oriented corridors higher density development that will be mutually supportive with transit facilities is encouraged, development types and patterns that do not support transit are not.

There are many projects either planned or in progress in the 13th Street Neighborhood or its vicinity that are worth noting. These include:

Major Redevelopment Projects

New San Jose Civic Center Project

- Civic Plaza
- Parking Structure
- Joint Library Project (SJSU Campus)
- Planned Symphony Hall
- Historic house-moving

Specific Plan

Jackson Taylor Residential Strategy

- 1677 Residential Units
- 100,000 SF Retail
- 500,000 SF Office
- 10.5 AC Parks

Transit Projects

- Santa Clara/Alum Rock Light Rail Corridor
- BART to Downtown San Jose

Streets and Public Works Projects

- Downtown Access Study
- Oakland Road Widening Project
- East Santa Clara Streetscape Improvements
 - Pedestrian street lights, curbs and paving
- Hensley Historic District Streetscape Improvements
 - Historic street lights, street trees, and historical markers

Other District Projects

- Joyce Ellington Branch Library Expansion
- Horace Mann Elementary School Reconstruction